

Cost Trends and Market Performance

Health Policy Commission

Committee Meeting
April 23, 2013



Agenda

- Approval of minutes from April 10, 2013 meeting
- Discussion of cost and market impact review process
- Schedule of next Committee meeting

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Overview of cost and market impact reviews

Cost and market impact reviews (CMIRs) can be initiated when...

1. ...a material change "...is likely to result in a significant impact on the commonwealth's ability to meet the health care cost growth benchmark, established in section 9, or on the competitive market."
2. ...a provider is identified by CHIA as having excessive growth relative to the benchmark

What it is

- Comprehensive and multi-factor review of the provider organization and its proposed change
- Following a preliminary report and opportunity for the provider to respond, HPC issues a final public report summarizing its findings
- Potential referral to the Attorney General's Office
- Proposed change cannot be completed until 30 days after the Commission issues its final report

What it is not

- Differs from Determination of Need reviews by Department of Public Health
- Differs from antitrust or other law enforcement review by state or federal agencies

Process to initiate a cost and market impact review

Statutory requirements

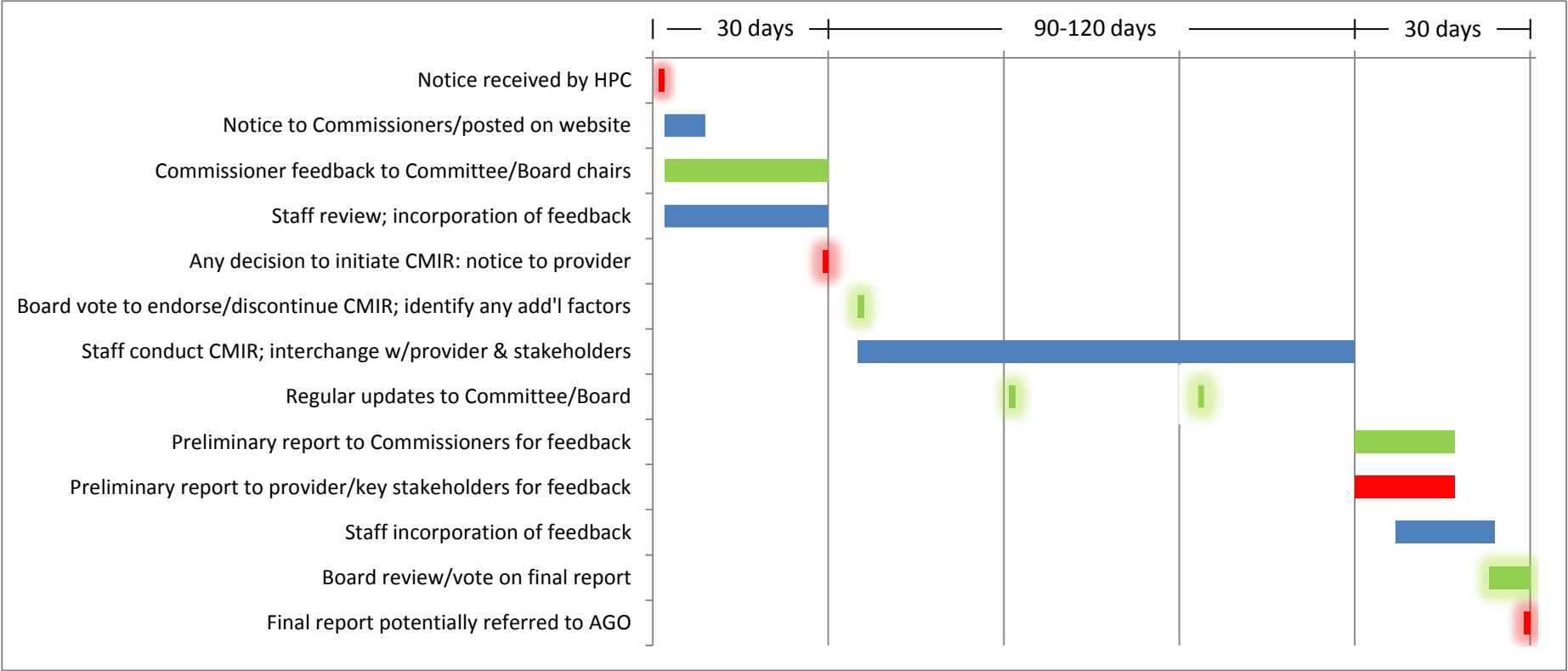
- *Time Constraints:* Notices of Material Change must be reviewed and any cost and market impact review initiated within 30 days
- *Open Meeting Law* requirements constrain timely Commission or Committee review of each notice

Guiding principles to CMIR process

- Transparent
- Timely
- Consistent with Open Meeting Law
- Consistent with chapter 6D
- Commissioner determination of criteria for review
- Input by Commissioners
- Advance review of preliminary and final reports

Sample timeline for CMIR

- = Board
- = Staff
- = External touch points



Proposed factors for review of material change notices (drawn from statute)

Statutory standard

Factors should evaluate whether the material change is likely to result in a significant impact

- “on the commonwealth’s ability to meet the health care cost growth benchmark” or
- “on the competitive market”

The following factors, as relevant:

Cost impact

- Unit prices, including prices compared to other market providers
- Health status adjusted total medical expenses
- Provider costs and cost trends, including compared to statewide trends

Market impact

- Provider size and market share
- Availability of services similar to those proposed to be provided
- Impact on competing options for health care delivery, including the impact on existing providers of any proposed expansion into a region in which the provider did not previously operate
- Quality, including patient experience and level of coordinated, population-based care
- Methods used to attract patient volume and to recruit or acquire health care professionals or facilities
- Role in serving at-risk, underserved, and government payer populations, including those with behavioral and substance use disorders or mental health conditions
- Role in providing low margin or negative margin services
- Consumer concerns, such as complaints that the provider has engaged in any unfair method of competition, or any unfair or deceptive act

Additional factors

- Other factors in the public interest
- Any factors identified by Commissioners during the initial 21-day review period, or at the first Commission meeting following initiation of any CMIR

Conducting cost and market impact reviews

Inputs

- Staff-led analysis of:
 - Information and documents from the provider organization
 - Publicly available metrics of cost and market impact
 - Information from market participants and other key stakeholders
 - Information from annual hearing regarding any excessive cost growth (M.G.L. ch. 6D, § 8(f))
- Support from expert consultants (e.g., health care economists and actuarial experts) and other advisory experts
- Statute does not specifically exempt any documents HPC gathers from public records law

Outputs

- Factual findings of cost and market impact
- Recommendations, as appropriate, regarding cost and market impact
- Feedback from provider, including written response to preliminary report
- Preliminary report and final report
- No regulatory approval/denial of proposed material change; proposed change may be completed 30 or more days after issuance of final report
- Specific basis for mandatory referral to AGO; provider has:
 - Dominant market share
 - Materially higher prices in its market, and
 - Materially higher TME in its market

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Contact information

For more information about the Health Policy Commission:

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